

**REDACTED – FOR PUBLIC INSPECTION**

**VIA ECFS**

June 16, 2017

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Room TW-A325  
Washington, DC 20554

**RE: Chickasaw Telephone Company, SAC 431980  
Submission of FCC Form 481 Annual Report  
WC Docket No. 14-58 - ETC Annual Reports and Certifications**

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Chickasaw Telephone Company (“the Company”), Study Area Code 431980, hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Company’s FCC Form 481 submitted via the FCC’s Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company’s financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Chickasaw Telephone Company, by its authorized representative, hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.<sup>1</sup> The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

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<sup>1</sup> *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, 31 FCC Rcd 2089 (2016).

MOSS-ADAMS<sub>LLP</sub>

Chickasaw Telephone Company is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the Company's financial annual report and the financial summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the Universal Service Administrative Company and with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,



Stuart Polikoff  
Authorized Representative for  
Chickasaw Telephone Company

SEP/kr

Attachments

cc: Larry Jones, Chickasaw Telephone Company

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	431980
<015>	Study Area Name	CHICKASAW TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Larry Jones
<035>	Contact Telephone Number: Number of the person identified in data line <030>	5806222111 ext.2235
<039>	Contact Email Address: Email of the person identified in data line <030>	ldjones@chickasawphone.net
	Form Type	54.313 and 54.422

<010>	Study Area Code	431980
<015>	Study Area Name	CHICKASAW TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Jones
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<210> For the prior calendar year, were there any reportable voice service outages? No

Page 2

**(300) Unfulfilled Service Request  
Data Collection Form**

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

0

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	431980
<015>	Study Area Name	CHICKASAW TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Jones
<035>	Contact Telephone Number - Number of person identified in data line <030>	5806222111 ext.2235
<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 28
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	431980
<015>	Study Area Name	CHICKASAW TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Jones
<035>	Contact Telephone Number - Number of person identified in data line <030>	5806222111 ext. 2235
<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
431980ok510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

<b>(600) Functionality in Emergency Situations</b>		FCC Form 481
<b>Data Collection Form</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

<010>	Study Area Code	431980
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	431980ok610.pdf



FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819

<039> Contact Email Address - Email Address of person identified in data line <030> ldjones@chickasawphone.net

1/1/2017

18.0

-- See attached worksheet

<010>	Study Area Code	431980
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[illegible]

**(800) Operating Companies  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net
<810>	Reporting Carrier	Chickasaw Telephone Company
<811>	Holding Company	Chickasaw Holding Company
<812>	Operating Company	Chickasaw Telephone Company

[illegible]

**(900) Tribal Lands Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

&lt;900&gt; Does the filing entity offer tribal land services? (Y/N) Yes

&lt;910&gt; Tribal Land(s) on which ETC Serves

the Chickasaw Nation

&lt;920&gt; Tribal Government Engagement Obligation

431980ok920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 431980ok1010.pdf

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Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 431980ok1030.pdf

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt; Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

FCC Form 481  
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

431980ok1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- |        |   |                                     |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan,  | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan.  | <input checked="" type="checkbox"/> |

**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

<010>	Study Area Code	431980
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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information



**(2005) Price Cap Carrier Additional Documentation**

FCC Form 481

**Data Collection Form**

OMB Control No. 3060-0986/OMB Control No. 3060-0819

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

July 2013

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
Yes - Attach Certification			
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}	431980ok3010.pdf	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	431980ok3026.pdf

# REDACTED - FOR PUBLIC INSPECTION

## (3005) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

### Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

### Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

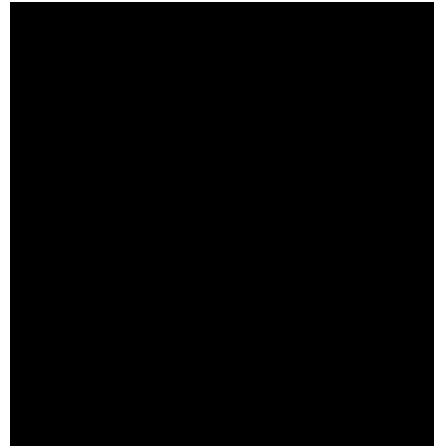
(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends



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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

<b>4003b.</b> Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

<b>4004a.</b> Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	

<b>4004b.</b> Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.	Name of Attached Document Listing Required Information	

**Certification - Reporting Carrier  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Moss Adams LLP</u>
Name of Reporting Carrier:	<u>CHICKASAW TEL CO</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/15/2017</u>
Printed name of Authorized Officer:	<u>Larry Jones</u>
Title or position of Authorized Officer:	<u>Vice President</u>
Telephone number of Authorized Officer:	<u>5806222111 ext.2235</u>
Study Area Code of Reporting Carrier:	<u>431980</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>CHICKASAW TEL CO</u>
Name of Authorized Agent Firm:	<u>Moss Adams LLP</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/15/2017</u>
Name of Authorized Agent Employee:	<u>Stuart Polikoff</u>
Title or position of Authorized Agent or Employee of Agent	<u>Consulting Senior Manager</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>5126527730 ext.</u>
Study Area Code of Reporting Carrier:	<u>431980</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

<b>(700) Price Offerings including Voice Rate Data</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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July 2013

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	18.0

[illegible]



<b>(710) Broadband Price Offerings</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	431980
<015>	Study Area Name	CHICKASAW TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Larry Jones
<035>	Contact Telephone Number - Number of person identified in data line <030>	5806222111 ext.2235
<039>	Contact Email Address - Email Address of person identified in data line <030>	ldjones@chickasawphone.net

[illegible]

<b>(800) Operating Companies</b>	FCC Form 481
<b>Data Collection Form</b>	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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## **LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE**

Chickasaw Telephone Company (“the Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its local exchange services tariff, which is approved by the Oklahoma Corporation Commission (“OCC”). The tariff contains provisions regarding the Company’s customer service and protection practices.

Service quality standards for voice service are established by the OCC. The Company consistently meets or exceeds those standards and provides reports to the OCC, in accordance with the OCC’s rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company. The Company also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require the Company to publicly disclose information regarding its network management practices, performance, and the commercial terms of its broadband services.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011).

## **LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS**

Chickasaw Telephone Company (“the Company”) is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, and mobile generators are at strategic locations to be deployed as needed to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company’s ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

## **LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION**

Chickasaw Telephone Company (“the Company”) provides communications services to tribal members of the Chickasaw Nation (“the Nation”), as well as services to the Nation itself. The Company works very closely with the Nation with a common goal of economic stability and growth through technology.

The Company engages in regular monthly meetings with the Nation’s Assistant Secretary of Commerce and his technology staff. The purpose of these monthly meetings is to confirm that the Company is meeting all of the Nation’s expectations and to plan and prepare for any future service requirements. Among other things, these meetings have included discussions on the following topics:

- Needs assessment and deployment planning with a focus on the Nation’s community anchor institutions.
- Feasibility and sustainability planning.
- Marketing services in a culturally sensitive manner.
- Compliance with right of way processes.
- Compliance with land use permitting requirements.
- Compliance with facilities siting rules.
- Compliance with environmental review processes.
- Compliance with cultural preservation review processes.
- Compliance with the Nation’s business and licensing requirements.

The Company is very proud of its relationship with the Nation and works hard to help the Nation prosper and improve the quality of life of its members.

## **LINE 1010 – VOICE SERVICES RATE COMPARABILITY**

The Wireline Competition Bureau’s 2017 reasonable comparability benchmark for voice services is \$49.51, which includes the federal subscriber line charge (“SLC”).<sup>1</sup>

In all of the exchanges served by Chickasaw Telephone Company, Inc. (“the Company”), the single-line residential local rate in effect as of January 1, 2017 was \$18.00. When the federal SLC (\$6.50) is included, the total rate was \$24.50. Therefore, the Company’s pricing of fixed voice services is less than the reasonable comparability benchmark of \$49.51.

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

## **LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY**

As of January 1, 2017, Chickasaw Telephone Company was charging a residential rate of \$51.31 for broadband providing 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$77.98, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.<sup>1</sup>

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<sup>1</sup> *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

## **LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS**

All of the exchanges served by Chickasaw Telephone Company (“the Company”) are Tribal lands. In all of the Company’s exchanges, residential customers who qualify for the Lifeline Program receive a discount of \$24.50 on local voice telephony service (\$9.25 federal discount + additional \$15.25 federal discount).

In all of the Company’s exchanges, the Lifeline single-line residential rate, including the federal subscriber line charge (“SLC”), is \$0.00 (\$24.50 standard rate - \$24.50 discount).

All single-line residential customers, including Lifeline customers, have an unlimited number of minutes for calls made within their local calling area.

For calls outside of the local calling area, Lifeline customers may subscribe to long distance service offered by Chickasaw Long Distance Company at a non-discounted rate of \$.07/minute. Lifeline customer may also choose another long distance carrier. Lifeline customers may elect to subscribe to toll blocking at no charge.

Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services at the same rates offered to other customers.

Additional information regarding the terms and conditions of voice telephony Lifeline plans can be found at <http://www.chickasawphone.com/lifeline.html>.



## **LINE 3010 – CERTIFICATION OF PUBLIC INTEREST OBLIGATIONS**

Chickasaw Telephone Company (“the Company”) hereby certifies that the Company has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas, and that requests for such service were met within a reasonable amount of time.



Financial Statements  
December 31, 2016 and 2015

# Chickasaw Telephone Company

Chickasaw Telephone Company

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December 31, 2016 and 2015

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## Independent Auditor's Report

The Stockholders and Board of Directors  
Chickasaw Telephone Company

### Report on the Financial Statements

We have audited the accompanying financial statements of Chickasaw Telephone Company, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chickasaw Telephone Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tulsa, Oklahoma  
June 12, 2017

Chickasaw Telephone Company

Balance Sheets

December 31, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents		
Accounts Receivable		
Due from customers, no allowance for doubtful accounts		
Accounts receivable - other, less allowance for doubtful accounts of [REDACTED] in 2016 and 2015		
Inventory		
Deferred income tax assets		
Prepaid expenses		
Total Current Assets		
Fixed Assets, at cost		
Accumulated depreciation		
Net Fixed Assets		
Other Assets		

Chickasaw Telephone Company

Balance Sheets

December 31, 2016 and 2015

	2016	2015
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable and accrued liabilities		
Accounts payable - affiliates		
Other current liabilities		
Total Current Liabilities		
Other Liabilities:		
Deferred income tax liabilities		
Total Liabilities		
Stockholder's Equity		
Common stock		
Additional paid-in capital		
Retained earnings		
Total Stockholder's Equity		

Chickasaw Telephone Company

Statements of Operations

Years ended December 31, 2016 and 2015

	2016	2015
Operating Revenue		
Local service		
Access and long-distance service		
Miscellaneous		
Total Operating Revenue		
Operating Expenses		
Plant specific		
Plant nonspecific		
Depreciation and amortization		
Network and other		
Customer operations		
Corporate operations		
Operating taxes		
Total Operating Expenses		
Net Operating Loss		
Interest and Dividend Income		
Gain on Life Insurance Benefits Received		
Other Non Operating Income		
Interest Expense		
Net Loss Before Income Taxes		
Income Tax Benefit		
Net Loss		

Chickasaw Telephone Company  
 Statements of Stockholder's Equity  
 Years ended December 31, 2016 and 2015

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In	Earnings	Stockholder's
			Capital		Equity
Balance, December 31, 2014					
Net loss					
Balance, December 31, 2015					
Net loss					
Balance, December 31, 2016					



Chickasaw Telephone Company

Statements of Cash Flows

Years ended December 31, 2016 and 2015

	2016	2015
Operating Activities		
Net loss		
Adjustments to reconcile net loss to net cash		
from operating activities		
Depreciation and amortization		
Deferred income taxes		
Changes in assets and liabilities		
Accounts receivable		
Inventory		
Other assets		
Accounts payable and accrued liabilities		
Other liabilities		
Net Cash from (used for) Operating Activities		
Investing Activities		
Proceeds from disposal of assets		
Additions to fixed assets		
Net Cash used for Investing Activities		
Financing Activities		
Net change in accounts payable - affiliates		
Principal payments on long-term debt		
Net Cash from (used for) Financing Activities		
Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents, beginning of year		
Cash and Cash Equivalents, end of year		
Other Disclosures		
Interest paid		

**Note 1 - Principal Business Activity and Summary of Significant Accounting Policies**

**Description of Business**

Chickasaw Telephone Company (the "Company") operates a general telephone business, with exchanges in South Central Oklahoma. The Company is a wholly owned subsidiary of Chickasaw Holding Company ("CHC").

**General**

The Company maintains its accounts in accordance with the Uniform System of Accounts prescribed for telephone companies by the Federal Communications Commission ("FCC") and adopted by the Oklahoma Corporation Commission. Generally accepted accounting principles are consistent in all material respects with the accounting prescribed by the FCC. The financial statements reflect the application of the accounting policies described in this note and have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to rate regulated utilities.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all cash deposits with an original maturity of three months or less to be cash or cash equivalents.

Bank accounts held in financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for each financial institution.

**Accounts Receivable-Due From Customers**

Accounts receivable due from customers are uncollateralized (however, certain customers are required to have a deposit). Accounts receivable from customers are stated at the amount billed. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

**Accounts Receivable-Other**

Accounts receivable also include amounts due from interexchange long distance carriers for interstate and intrastate charges assessed for using the Company's facilities for their long distance communications, as well as from the National Exchange Carriers Association ("NECA") for outstanding interstate settlements and from Oklahoma High Cost Fund for intrastate settlements to local exchange carriers in high cost areas based on cost separation principles. These amounts are also stated net of write-offs and allowances for doubtful accounts.

**Inventory**

Inventory consists primarily of telecommunications equipment and supplies for Company use in the construction of telephone plant. The lower of average cost or market is used to value inventory.

### **Fixed Assets**

Fixed assets are carried at historical cost. When units of property are retired, sold, or otherwise disposed of in the ordinary course of business, their average book cost less net salvage is charged to accumulated depreciation. Depreciation is computed by applying composite rates to the monthly balance for all classes of utility plant. Expenditures for repairs and maintenance are charged to expense as incurred, whereas major improvements are capitalized.

Repairs and maintenance are charged to expense as incurred, whereas major improvements are capitalized.

### **Income Taxes**

The Company files consolidated income tax returns with CHC. The Company records income taxes based upon its proportionate share of net income before income taxes.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. Temporary differences giving rise to deferred tax assets and liabilities consist primarily of the excess of the basis of fixed assets and other investments for financial reporting purposes over the tax basis of those assets, and other nondeductible accruals and reserves.

### **Accounting for Uncertain Tax Positions**

The Company adopted the provisions of ASC Topic 740, *Income Taxes*, relating to unrecognized tax benefits.

This standard addresses the financial statement recognition, measurement and disclosure of uncertain tax positions, and requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. If the tax position meets the more-likely-than-not recognition threshold, the tax effect is recognized at the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement.

Any difference between the tax position taken in the tax return and the tax position recognized in the financial statements using the criteria above results in the recognition of a liability in the financial statements for the unrecognized benefit. Similarly, if a tax position fails to meet the more-likely-than-not recognition threshold, the benefit taken in the tax return will also result in the recognition of a liability in the financial statements for the full amount of the unrecognized benefit.

There were no liabilities recorded for uncertain tax positions as of December 31, 2016 and 2015.

### **Revenue Recognition**

Local service revenue includes customer charges for monthly local telephone service and calling features. Revenues are recorded in the month the service is provided.

Access service revenue includes interstate customer end user charges, interstate and intrastate charges assessed to long distance carriers for using the Company's facilities for their long distance communications, interstate settlements under jurisdictional reporting requirements with the National Exchange Carriers Association, and settlements from the Federal Universal Service Fund. This revenue is recognized as earned.

Oklahoma has a full access environment for intrastate toll. The Oklahoma High Cost Fund assists the Company and other participants in high cost areas to maintain their rate of return on plant investment. Long distance revenue consists primarily of settlements from the Oklahoma High Cost Fund. Revenues are recorded in the month the service is provided.

### **Advertising Costs**

The Company expenses all advertising costs as incurred, which totaled [REDACTED] for the years ended December 31, 2016 and 2015, respectively.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Sales Taxes**

The Company has customers in Oklahoma and its municipalities in which those governmental units impose a sales tax on certain sales. The Company collects those sales taxes from its customers and remits the entire amount to the various governmental units. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of revenue.

### **Reclassifications**

Certain reclassifications in the 2015 cash flow statement have been made to conform to the classifications used in 2016. The reclassifications have no effect on the 2015 balance sheet or the 2015 statement of operations.

### **Subsequent Events**

Subsequent events have been evaluated through June 12, 2017, which is the date the financial statements were available to be issued.

**Note 2 - Fixed Assets**

Fixed assets consist of the following at December 31:

	Depreciable Rates	2016	2015
Regulated Fixed Assets:			
Land			
Buildings			
Network facilities			
Vehicles and work equipment			
Furniture, fixtures and equipment			
Total Regulated Fixed Assets			
Nonregulated Fixed Assets:			
Land			
Buildings			
Furniture, fixtures and equipment			
Total Nonregulated Fixed Assets			
Telephone Plant Under Construction			
Total Fixed Assets			

**Note 3 - Common Stock**

[REDACTED]

**Note 4 - Employee Benefit Plans**

[REDACTED]

[REDACTED]

Income tax benefit consists of the following for the years ended December 31:

The benefit from income taxes for 2016 is higher than the amount computed at the federal statutory rate primarily due to nontaxable gains resulting from the receipt of life insurance proceeds.

The components of deferred income tax assets and liabilities are as follows:

## Note 6 - Related Party Transactions

Accounts receivable-affiliates is the net amounts due from CHC and other subsidiaries and represent the net amount due under operating advances. Amounts of these intercompany receivables and payables will ultimately be settled at CHC's level.

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**Note 7 - Revenue Settlement Adjustments**

The Company records revenue related to its participation in the Oklahoma High Cost Fund and the National Exchange Carriers Association. Adjustments are made periodically, thereby increasing or decreasing the related revenue accounts. In accordance with industry standards, such adjustments are recorded in the period in which the Company is notified of the amounts.

[REDACTED]

**Note 8 - Risks and Uncertainties**

The Company services various local telephone exchanges in Oklahoma. The Company is subject to rate regulation by the FCC. The telecommunication industry is moving into a competitive environment with new competitors and required restructuring of revenue from access charges and support mechanisms. The subject is controversial and difficult to resolve. Therefore, at this time, the impact of such changes both from Federal and State Commissions cannot be determined.

In 2011, the FCC released an Order on Intercarrier Compensation and Universal Service Fund (USF) reform and announced the issuance of a Further Notice of Proposed Rulemaking on long-term USF reform and transition toward National Broadband Plan.

In March 2016, the FCC released an Order and Further of Proposed Rulemaking (FNPRM) that reforms the High Cost USF Program supporting rate-of-return carriers. The following changes have been implemented to modernize the program: 1) Annual Rate of Return Reduction from 11.25% to 9.75% (25 basis point reduction per year) beginning July 1, 2016; 2) Provides support for stand-alone broadband; 3) Requires broadband deployment based on the number of locations lacking service and the cost of providing service; 4) Requires allowances for capital investments and limits on operational expenses; and 5) Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to a Connect America Fund for rate-of-return carriers. The legacy mechanism reforms the existing Interstate Common Line Support (ICLS) mechanism to support stand-alone broadband and will be known as the Connect America Fund Broadband Loop Support. Some rate-of-return carriers also have the option to select the A-CAM support model which will result in a fixed amount of support for ten years. The Company will not use the A-CAM support model.

The Company is also subject to audits from federal and state oversight organizations because of its participation in certain high cost funding mechanisms. At this time, the Company does not expect any such audits to have a material effect on its consolidated financial statements.

**Note 9 - Revenue Concentrations**

[REDACTED]

**Note 10 - Commitments and Contingencies**

The Company is subject to legal proceedings and claims arising in the ordinary course of its business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not materially affect the Company's financial position, results of operations, and cash flows.

**Note 11 - Other**

[REDACTED]